

State of Alaska FY2005 Governor's Operating Budget

Department of Health and Social Services Fraud Investigation Component Budget Summary

Contents

<i>Component: Fraud Investigation</i>	3
Component Financial Summary.....	5
Summary of Component Budget Changes.....	6
Personal Services Information.....	7

Component: Fraud Investigation

Contribution to Department's Mission

The Fraud Control Unit (FCU) provides cost-effective detection and deterrence of Public Assistance applicant and recipient fraud. The unit's efforts contribute to public assistance program integrity and financial solvency, and to the public's confidence in the Division of Public Assistance's (DPA) overall mission.

Core Services

The Fraud Control Unit investigates public assistance applicant and recipient fraud allegations received from the public and DPA staff. Cases of proven fraud result in administrative sanctions and/or criminal prosecutions. An automated system tracks progressively severe administrative disqualification penalties for clients committing welfare fraud. Fraudulently received benefits are determined and recovered.

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$1,448,600

Personnel:

Full time	16
Part time	0
Total	16

Key Component Challenges

- Reduce the backlog of fraud referrals awaiting investigation. Incoming fraud allegations are prioritized to first address cases involving current benefit recipients. The number of referrals has historically exceeded the productive capacity of the unit.
- Increase the number of cases referred for criminal prosecution. An effective prosecution program is a major deterrent to Welfare Fraud and is key to a successful fraud control mission.
- Improve the unit's operational structure and procedures to better accommodate incoming investigative workload.
- Work on procedure and authority to expand the component's focus on and capacity to enable investigation of Medicaid recipient fraud and Child Care program fraud.

Significant Changes in Results to be Delivered in FY2005

- Smaller number of backlogged referrals awaiting action.
- Number of cases referred for criminal prosecution markedly increased from previous year.
- Increase in the number of Intentional Program Violations detected from previous year.
- Realize benefit from unit reorganization and procedural changes intended to expand staff skills and enhance productivity.

Major Component Accomplishments in 2003

- The unit reorganized investigative procedures and staff assignment. This will result in more efficient process, increased coordination on criminal prosecutions and increased fraud convictions.

- In CY 2003 the unit's fraud investigative efforts resulted in cost-avoidance, direct savings, and administratively and criminally established overpayments totaling over \$2.3 million. The deterrent value of an active fraud control effort cannot be quantified yet significantly adds to this value.
- The unit investigated 430 Temporary Assistance and 584 Food Stamp Applicant Fraud cases resulting in program savings through cost avoidance by claim denial of over \$1.14 million.
- The unit investigated 390 Temporary Assistance, 665 Food Stamp, and 182 Medicaid/Adult Public Assistance cases resulting in direct savings and overpayment recovery of over \$1.1 million.
- The unit's Welfare Fraud prosecutor obtained eleven criminal convictions resulting in nearly \$92,000 in court-ordered restitution to the Division.
- The unit's organizational structure was improved by moving an Investigator III position from the Welfare Fraud prosecutor's office to the Fraud Control Unit.

Statutory and Regulatory Authority

AS 47.25.975 Food Stamp Program
AS 47.27.015 Alaska Temporary Assistance Program
7 CFR 273.16 Food Stamp Program
45 CFR 235.110 Welfare Fraud

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Fraud Investigation Component Financial Summary

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	958.1	914.6	1,129.5
72000 Travel	10.6	10.7	8.4
73000 Contractual	262.2	332.4	300.7
74000 Supplies	4.8	5.0	5.0
75000 Equipment	1.5	5.0	5.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,237.2	1,267.7	1,448.6
Funding Sources:			
1002 Federal Receipts	643.3	678.8	774.5
1003 General Fund Match	548.5	553.5	637.1
1004 General Fund Receipts	35.0	35.4	37.0
1007 Inter-Agency Receipts	10.4	0.0	0.0
Funding Totals	1,237.2	1,267.7	1,448.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<u>Unrestricted Revenues</u>				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
<u>Restricted Revenues</u>				
Federal Receipts	51010	643.3	678.8	774.5
Interagency Receipts	51015	10.4	0.0	0.0
Restricted Total		653.7	678.8	774.5
Total Estimated Revenues		653.7	678.8	774.5

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	588.9	678.8	0.0	1,267.7
Adjustments which will continue current level of service:				
-Fraud Investigation Component share of EPR charges from Information Technology Services Component	8.3	8.0	0.0	16.3
-Transfer funds previously paid through RSAs to division with program responsibilities	45.0	45.0	0.0	90.0
-Changes to Retirement and Other Personal Services Rates	17.6	20.9	2.5	41.0
-Transfer Admin Clerk II from PA Field Svcs ADN 0640051	15.4	23.0	0.0	38.4
-Maintain Fraud Investigation Efforts ADN 0640051	0.0	0.0	75.0	75.0
Proposed budget decreases:				
-Department-wide travel reduction	-1.1	-1.2	0.0	-2.3
-Reduce I/A for RSA funds transferred from HCS Medicaid State programs	0.0	0.0	-77.5	-77.5
FY2005 Governor	674.1	774.5	0.0	1,448.6

Fraud Investigation Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	13	16	Annual Salaries	802,652
Part-time	2	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	351,516
			<i>Less 2.14% Vacancy Factor</i>	(24,668)
			Lump Sum Premium Pay	0
Totals	15	16	Total Personal Services	1,129,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	1	0	0	0	1
Elig Qual Cntrl Tech I	5	2	0	2	9
Elig Technician II	1	0	0	0	1
Elig Technician III	1	0	0	0	1
Investigator II	2	0	0	0	2
Investigator III	1	0	0	0	1
Public Assist Paymnt Mgr	1	0	0	0	1
Totals	12	2	0	2	16